App.F.IX-4]

P-24

1924-5 File No. 156-24

Previous References.
CB. 178-24 (1.2)
" " (3.4)
G.T. 21-24 (1-8)
Later references.
GA. S. 37. (1-4)

G.T Serial Nos. 1-4

1/

GENERAL & REVENUE SECRETARIAT

Serial Nos. 4

Part B for December 1925

SUBJECT

Exemption of the income of H.H. the Uvo and of the 3rd Maharaja Kumara from the tax payable under the G.T Regulation

---

H.0102/ G.T. 56-24-5 & 5.12.25

Adopts the above

To The Compiler
Mysore Gazette

WW 2/21

neral and Revenue Secretariat. IT File No. 25- of 19 21

Serial No.

From

Mr V. R. Thyagaraja Aiyar
no: C 733 D 12.6.25.

Solicits instructions in the matter of the claim made by the Palace for refund of both Income Tax & Super Tax on the amount of dividends received from the Bank of Mysore.

Subd. for orders.

WW 17/6. 2 The provisions relating to refunds (Section 48 of the I.T. Rules) are not applicable to Super-tax.

3 A Company pays Super-tax on its profits & the individual Share-holder pays Super-tax on ~~its profits~~ his dividends, if they exceed the limit of Rs 50,000. A portion of the profits of a Company is liable to ~~be taxed~~ Super-tax twice — once in the hands of the Company & again in the hands of the Share-holder on the dividend he gets; and as Super-tax is assessed directly and not by deduction at the source unlike income-tax, the provisions relating to refunds do not apply.

WW 17.6 4 As pointed out in the Comr's letter under despatch, no question of refunding Super tax to the Palace arises as no Super tax has been levied on the dividends paid to the Palace

NOTE—Contn. Sheet

Serial No. Q

As regards refunding income tax this has already been ordered in D.O. letter No 7E 4780 - D.J. 21 - 24 dt 23.2.25 Dte Govt of J.J. The question is whether retrospective effect can be given to this order and refund made on all levy made on the dividends from the time the D.J. Rys Came into force in Mysore, and whether this refund can be allowed in the face of Sec 50 of the DJ. Rys is a matter for legal opinion and orders

Refund may be ordered

10231/27

H.H. Sir may perhaps be consulted

Revenue) Dy

made 17/6/25

Dt 24/6

T 24/6

R 24/6

To LL Secretary with Compliments

made 24/6/25

Dy 24.6

Sir, I am etc

Secretary. The effect of S. 50 of the D.J Rys seems to be that the refund cannot be claimed as a matter of right. But there is no objection to pay a time barred debt.

Sec 6/7/25

Dy 8/7

3

G. R. S. III—3].

ROUTINE NOTES.

To be used only for notes, requisitions, etc., not intended for permanent record.]

10. The point referred to this Ltr. I see is whether a refund can be allowed in the face of Sec 57 ~~of the Regulations~~ which prescribes a period of limitation of one year.

11. It is seen from file placed below that Income tax Commissioner has advised by letter that the income of M/s H. Mahara is exempt from income tax. The income is not exempted under Sec 60 of the Regulations but a principle is applied at the Commissioner. A Such there is no question any refund under Sec 48 of the Regulations or any limitation governing it under Sec 50 of the Regulations. The position according to the principle enunciated is that the collection of income tax was not authorised a right, and it is a question of the return of the money wrongly colle

B. Should routine notes be written on small slips the notes must be pasted or slips pasted

(4)

G. R. S. III—3]

[To be used only for notes, requisitions, etc., not intended for permanent record.]

To such a case, Sec 50 has no application. Even the ordinary law of limitation [illegible] would not apply in the case of His Highness. Further there is nothing to prevent a debtor paying even a time-barred debt if he chooses to do so. If it is the debtor who should seek shelter if he is willing not to, nobody can face him. The fact stands in the position of debtor & there is nothing preventing their paying what has been collected, which ought not to have been collected.

It was ascertained from the first Secty of the CB, that the exemptions in the case of H.H. the Yuvaraja & the Maharaja Kumaras were also not under the Regulations but by directions issued

N. B.—Should routine notes be written on small slips the notes must be clipped, or slips pasted on this form.

the Income Commissioner that His Highness was pleased to exempt their incomes. These cases also therefore do not fall under the Regulation & should

5482

(5)

G. R. S. III—3.

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

~~Any tax~~ The Dept should not collect any tax already collected. If mistake, it should be refunded, though not under Section 58 of the Regulation. Sec 58 has no application to such cases. The above remarks above, also apply to these cases. The same concessions would not apply to any others.

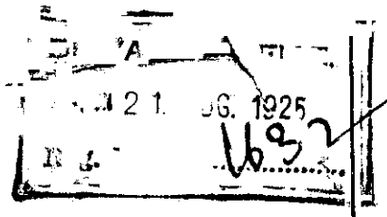
Lt L Secy

Cay
-17.8.

N. B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

Serial No. 13

C 116 Law



[illegible] question [illegible] refund of income tax [illegible] as the refund [illegible] of the previous [illegible] of VII Section 58 which applies to refund of income tax under [illegible] by Chap. VII), has no application & falls in consequence the time-limit of one year does not apply to this case.

Rec'd with Compl's.

2nd member)

19.8. cy 19.8

19/8

14 Please submit the file with Asst Secy Compl DO & my note hereon attached

Dewan

21/8

Dewan)

21/8

1711/2018

15 Maybe informally

Counsel in re

procedure to

hereon

15/8

Refund maybe allowed —

To Chief Secy with Compl's

Section

Date 15

Orders do not seem to have been issued as

directed by Dewan for Secy to

depend in the present case.

This is not to avoid informality in

Govinda in time.

NOTE—Contn. Sheet

Serial No 17

A draft Ch. is put up for approval

4/8 After the question is discussed in Council & orders re procedure are executed, an order may issue.

W 4/9

4/9.

4/9 The draft requires modification I think. no refund of Super Tax arises as the Super Tax has been paid by the Bank as such & no separate super Tax has been levied on the Palace as the Palace has been exempted from the operation of the Income Tax Regulation.

B 9/9

Rev Secy

10 The point has been specifically raised by the D.T.C - para 3 and orders are not passed on this - The view of the Comm. appears to be correct. Refund is claimable only in respect of D.T. deducted at source from the dividends -

2nd member

L 10/9 B 10/9

1/ Super tax amount if not paid by Bank to have been payable to Share holder (the Palace) who is not liable to any tax is therefore entitled to refund of super tax paid by the Bank on his shares. Please submit to Bureau before issue & after issue send to Cash Sect for Cheque

B Issue B 14/9 Remarks

K 22/9 Glee 12/9

on. It has been ordered that the matter be considered in council. The file may perhaps be sent to Council for action separately taken to issue the draft order.

B

2473

11-9.

LEGISLATIVE OFFICE.

RECD. ON 12 SEP. 1925

Reg. No. 2337

NOTE—Contn. Sheet

Serial No

Please Today & then Send file to Confidential Branch as per ~~para~~ members orders para 21.

B
14/9

2 To.
Mr. B. Ramaswamaira, Comm^r of I.T.
D.O. No. H 1647 of 15.9.25
States that the claim made by the Palace for refund of income tax & Super tax on the amount of dividends received by the Palace may be admitted.
The file may now be sent to CB.
Para 21 supra -

KV
16/9.

Yes - Council matter
B
16/9

Chief Secy)

Please put up a Draft accdg the rule
L
5/9/25

Draft G.O. is submd. for order.

15/9/25

(9)

Serial No.

Refund of income-tax recovered from the Palace and the procedure re. exemption of the Palace properties from payment of income-tax.

- - - -

The Income-tax Commissioner has been informed demi-officially that the income derived from the investments and properties of His Highness the Maharaja, H. H. the Yuvaraja and the Maharajakumaris are exempt from payment of income-tax under the Mysore Income Tax Regulation. (Vide Fl.4780/I.T.21-24 dated 23rd February 1925 and C.B.File No.178-20).

In connection with the refund of the income-tax and super tax recovered on the amount of dividends on the shares held by H.H the Maharaja in the Mysore Bank, the L. & L. Secretary has raised the question that it would be safe and legal that the exemption of H. H. the Maharaja, H.H. the Yuvaraja and the Majaraja Kumaris from payment of Income-tax under Sec.60 of the I.T.Regn. should be notified in the Gazette and that the present D.O. communication issued to the Income-tax Commissioner is not legally sufficient.

The Second Member of Council, however, considers that no notification is necessary in the case of H.H. the Maharaja as His Highness

NOTE—Contn. Sheet

Serial No.

Highness should be deemed to be free of taxa tion of all kinds in his territories.

In the case of the other Members of the Royal family, viz., His Highness the Yuvaraj Maharajakumaries, etc. the Second Member agrees with the Local & Legis. Secretary tha it is safe and legal to publish a notifica- tion in the Gazette exempting them from the payment of Income-tax under Section 60 of t Income-tax Regulation.

The Income-tax Commissioner has alread been authorised to refund the tax recovered from the Palace on the dividends in the Mysore Bank from 1924-25.

The Dewan has ordered that the proced relating to exemption may be informally co sidered in Council.

The points for consideration are -

(i) whether the instructions already con- veyed to the Income-tax Commissioner by demi-official letters are not suf ficient or whether a notification in the Gazette is necessary;

(ii) ~~xxxxxxx~~ If a notification is necessar whether His Highness the Maharaja should be included in the notifica- tion or only the other members of th Royal family.

For Informal consideration.

(~~For Disposal by Circulation.~~)

No. C. 116

9 1925-6

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Claim made by the Palace for refudd of both Income-tax and Super Tax on the amount of dividends received by the Palace from the Bank of Mysore, Ltd., since the introduction of Income-Tax and Super-Taxes in Mysore.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

31st August 1925

Chief Secretary to Government.

Extraordinary Member of Council.

874/31.8. **First Member of Council.**

65/2/9 **Second Member of Council.**

Please see note

1/9/25

Third Member of Council.

Subject.-

Procedure to be adopted for exempting the members of the Royal family from payment of Income-tax.

....

For Informal Consideration :-

SUBJECT:- C11

Claim made by the Palace for refund of both Income-tax and Super-tax on the amount of dividends received by the Palace from the Bank of Mysore, Ltd., since the introduction of Income-tax and Super-tax in the State.

OPINION OF THE COUNCIL.

No 1165/C13 & 7th November 1920

My Dear Sir,

Kindly refer to your D.O. letter No.115 dated the 27th October 1920 statin that it is His Highness' pleasure to exem His Highness the Yuvaraja and his two sis ters from the operations of the Incometax Regulation.

Instructions have been given to the Incometax Commissioner to give effect to the commands of His Highness.

It has now been pointed out that it is necessary to notify the exemption of the Members of the Royal Family other than His Highness the Maharaja under Sec.60 of the Incometax Regulation.

In the case of RajakumarDesaraj Urs, it has been held that his pension is not similarly exempt from the payment of the incometax.

I am directed to request Kindly let me know whether His Highness approves of the exemption being confined only to the Members of the Royal Family referred to in your D.O. letter of the 27th October 1920, viz., His Highness the Yuvaraja and H.H. the Third Maharajakumari.

Yours sincerely,

~~Dewan.~~

To

Amin-ul-mulk
Mirza M. Ismail,Esq.,C.I.E.,O.B.E.,
Private Secretary to H.H. the
Maharaja of Mysore.

GOVERNMENT OF MYSORE

G3-923

D. O No. 309

THE PALACE
MYSORE

12th November 1925

Dear Mr. D'Souza,

In reply to your D.O.letter No. 1165 C.B dated the 7th instant, I am desired to inform you that His Highness approves of the exemption from the operations of the Mysore Incometax Regulation being confined only to those referred to in the last para of your letter.

Yours sincerely,

J Rajagopal

Secretary to His Highness the Maharaja.

Serial No.

Draft is submitted
WW
14/11.

Ba
16/11

Rev Secy)
Draft order may perhaps issue.
Rev Secy
with (corrs)
DH
24.11
cwj
24/11

May the draft issue?
Rev Secy)
Ba
25/11

NOTE—Contn. Sheet

4895
26/11
Issue as
modified
DH 26/11
2nd Meeting
h
25/11 for
Issue
Ba
26/11

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not in

Sirkar. In the draft the expression "~~His Highness~~ H. H." has been added before "Third Maharaja Kumari". From a reference to the Residency civil list put up at page 42 - it is seen that the title "His Highness" has been conferred on the yuvaraja as a personal title on 1st January 1918. Orders are solicited if the draft may issue with the modification made by the 2nd member in the circumstances.

No such title specifically seems to have been conferred on the Maharaja Kumaris

KW
30/11

B
30/11

5006
30/11

N.B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

(The same as in the case of the Maharaja Regent)

2nd member) I was aware that a applied to the 3rd Princ it would be only a Courtesy b but I am not sure whether Residency officer to the a of the title mentions one or Gazette is in our Gazette, to the question has been rais please enter or omit Dewan may perhaps be omitted

Dewan)

G. R. S. III—3].

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Issue now now

B

4/12

N. B.—Should routine notes be written on small slips the notes must be copied, or slips pasted on this form.

URGENT.

Office of the Commissioner of Income Tax in Mysore,

D. O. C. 733 Dated Camp Mysore 12th J u n e 1925.

Dear Sir,

With reference to your D.O. letter No. Fl. 4780/I.T. 21-24-4 dated 23rd February 1925, I send herewith for the information and orders of Government copies of D.O. letter No. C 369/24-25 dated 1st June 1925 and of its two enclosures received from the Deputy Commissioner of Income Tax, Bangalore and Mysore Cities and Taluks soliciting instructions in the matter of the claim made by the Palace for refund of both Income Tax and Super Tax on the amount of dividends received by the Palace from the Bank of Mysore Ltd., since the introduction of Incometax and Supertax in Mysore.

2. As regards the refund of Incometax, I agree with the Special Deputy Commissioner of Incometax that it may be refunded to the Palace though a portion of the claim is now timebarred under the law(vide Sections 38 of the Regulation VI of 1920 and 50 of Regulation V of 1923).

3. Regarding the claim for refund of Supertax, I invite reference to the following passage at page 122, para 88 of the Indian Incometax Manual which runs thus:-

"The Supertax on Companies is levied at a flat rate on the whole profits of a company. This tax on Companies, which takes the place of the tax formerly levied at a graded scale of rates on the "undistributed profits" of a company, is levied on the company as such on account of the special privileges, which companies enjoy by statute in the shape of corporate finance and limited liability. No refund on account of Supertax on Companies is, therefore, allowed to shareholders".

In the above view, which is further embodied in Section 58 of the Mysore Incometax Regulation(declaring that Section 48 is -

inapplicable to Supertax) it seems to me that the question of refund of Supertax does not arise.

4. I request the favour of orders in the matter very early.

Yours sincerely,

13/8/28

To

K. V. Anantaraman, Esq., B.A.,
Secretary to Government,
Revenue Department,

Copy of confidential D.O. letter No. C 369/24-25 dated 1st June 25 from the Deputy Commissioner of Incometax, Bangalore and Mysore - Cities and Taluks to the Commissioner of Incometax in Mysore.

I enclose herein for favour of your perusal, a copy of the D.O. received from the Huzur Secretary to His Highness the Maharaja, requesting me to arrange for the refund of Incometax and Supertax deducted on the shares held by the Palace in the Bank of Mysore, Ltd.,

I am making this reference as I feel some technical difficulty in making the refunds which I cannot do without bringing to your notice or obtaining formal sanction of Government. The application for the refund of tax on dividends paid prior to 1923 would ordinarily be barred by time under Section 50 of the Incometax Regulation. The tax paid on the dividends paid in subsequent years is payable without demur as in the case of the dividends paid on the Bangalore-Chikballapur Light Railway Shares. Even as regards the other dividend warrants, I personally think that since the Incometax Regulation as such does not apply to the Palace, no restrictions imposed under that law can prejudice the claim and from this point of view I think the refund should be made as a matter of course.

As regards the refund of Supertax paid by the Bank subsequent to July 1923, I wish to point out that in the case of ordinary share holders no claim for refund of the supertax paid on dividends arises as provisions regarding refunds do not apply so far as Supertax is concerned (vide Sectation 58). The case of the Palace however stands on a different footing inasmuch as the Incometax Regulation as a whole does not apply to the Palace and no such tax may be levied on the income of the Palace, while in the case of the ordinary share holders the Regulation applies to the extent of the incomes of the individuals concerned. Theirs is not a case of exemption from the operation of the Regulation itself but exemption under certain of the provisions of the Regulation. Since if the Supertax had not been recovered from the Bank, it would have become payable to the share

shareholders (in this case- the Palace) and since the tax has virtually been paid by the shareholders, I am of opinion that the claim for Supertax deducted should also be allowed and payment made verifying the calculation made.

I shall feel thankful if you will kindly address the Revenue Secretary demi-officially in the matter and obtain very early orders of Government so as to enable me to meet the claim without delay.

I beg that this matter may kindly be treated as urgent.

18/6/25

Commissioner of Incometax.

Copy of D.O. No. 891/8 dated 16th/19th May 1925 from the Huzur Secretary to His Highness the Maharaja of Mysore, to the Deputy - Commissioner of Incometax in Mysore, Bangalore.

I send herewith, a statement showing the Incometax and Supertax viz., Rs. 2,514-5-0(rupees two thousand five hundred and fourteen and annas five) deducted from the dividends on the shares held by the - Palace in the Bank of Mysore, Ltd., Bangalore, during the years 1921 to 1924. As the Incometax Regulation does not apply to the Palace, I am desired to request you to be so good as to arrange for the refund of the amount in question.

Seven dividend Warrants which are forthcoming in the Office are herewith enclosed for reference and return.

Copy of statement showing the Incometax and Supertax deducted from the dividends on the shares held by the Palace in the Bank of - Mysore, Ltd., Bangalore.

---

1. Incometax paid up to the end of December 1922. Rs. 800-0-0
vide details noted below:-

Net Income paid as per dividend Warrants:- Rs. 12,000.

Gross income. $\frac{12,000 \times 16}{15}$

Incometax paid. $\frac{12,000 \times 16}{15} \times \frac{1}{16} = 800.$

11. Incometax paid for the years 1923 and 1924 i.e. up to the end of December 1924. Rs. 1714-0-0
vide details noted below:-

Net income as per dividend warrants. Rs. 12,000/-

Gross income taking into account supertax also. $\frac{16 \times 12000}{14}$

Incometax paid. $\frac{16}{14} \times 12000 \times \frac{2}{16} = 1,714\text{-}5\text{-}0.$

Total amounts to be refunded items 1&2 ..Rs. 2,514-5-0

[signature] 13/6/25

Commissioner of Incometax.

I. T. 69

11792

1047

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE.

No. C. 733 / 25-26.

Bangalore, 3rd September 1925.

Enc.

Dear Sir,

I request that the orders of Government on this office reference No. C.733/24-25 dated 11th June 1925 regarding the refund of Income and Super Taxes claimed by the Palace may be kindly obtained very early and communicated to me as the Deputy Commissioner of Income Tax, Bangalore and Mysore Cities and Taluks, has reported to me that a similar claim for the current year has been made by the Palace and that the Huzur Secretary has reminded him of the previous applications in the matter.

We are write for Stall

Yours sincerely,

K Ramaswamy

REV. SECTT. 7

5. SEP. 1925

To

S. Srinivasaiengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

App.F.VI-G1.] B650.

SUBJECT.....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat
( )
the 192

Date of issue 15.9.25

Signed by Jn. B. Srinivasaiyer

List of enclosures.....

Copied by .....

Examined by.....

Section I.T.
File No. 56-24
Serial No. 2.

D.C. No. H/1647

To .....

Dear Sir,

With reference to your office D.O. letter no. C7338 12.6.25 I am desired to state that the claim made by the Palace for refund of Income Tax & Super Tax on the amount of dividends received by the Palace from the Bank of Mysore etc since the introduction of the I.T. Act into Mysore, may be admitted and the necessary refunds allowed

Yours Sincerely
By
A. Rinivasamaiya 14/9/25

over

Comm'r of Income

App.F.VI-G1.J. B650

SUBJECT I. T. Act

Section I. T.
File No. 56-24
Serial No. 3.

Diary No. of letter replied to

No. H 3152/

To

General and Revenue Secretariat
( )
, the 192

Notification

In exercise of the powers conferred by Section 60 of the Mysore Income Tax Regn, 1923, the Govt. of H.H. the Maharaja are pleased to direct that the income of H.H. the yuvaraja + of ~~1st~~ Third ~~Hon~~ Maharaja kumari be exempt from the ~~tax~~ payable under the said Regn.

Date of issue 5.12.25

Signed by

By order,
R
Secy to Govt.
Rev. Dept

List of enclosures

Copied by

Examined by

To.
The Compiler, Mysore Gazette
for publication in the Gazette as Section II of Part II of
Supply of 10 Spare copies of the notificat

over

to this office ~~and~~ to the office of the

Comm^r of Income Tax

H 3153 dated 5-12-25

Copy of the above is forwarded

to the Comm^r of Income Tax for information.

By order,

Secy to Govt

Rev. Deptt

App.F.VI G1. B650

SUBJECT

Diary No. of letter replied to

General and Revenue Secretariat
( )
he 192

Date of issue 5.12.25

Signed by M.B.S.

List of enclosures

Copied by T.

Examined by

Section G.T.
File No. 55-24
Serial No. 4
D.O.No. H 3152/ Enc 1

To

Dear Sir,

With reference to the correspondence ending with your office D.O. letter no. 3098 12th Nov 1925, I am desired to forward herewith a copy of the notification no. H3152/8 5.12.25- exempting the income of H.H. the Yuvaraja & the 2nd Maharaja Kumari from the taxe payable under the Mysore I.T. Regn.

Yours Sincerely

M
16/4

To Amin-ul-mulk Mirza M. Ismail Esq C.I.E. O.B.E. Private Secy to H.H. over the Maharaja